Department of Finance

Newfoundland and Labrador Municipal Financing Corporation

Activity Plan

April 1, 2014 - March 31, 2017

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

Department of Finance
Debt Management Division
P. O. Box 8700
St. John's, NL
A1B 4J6

June 13, 2014

Honourable Charlene Johnson
Minister of Finance
Government of Newfoundland and Labrador
Confederation Building
St. John's, NL
Canada A1B 4J6

Dear Minister Johnson:

Newfoundland and Labrador Municipal Financing Corporation is a Crown Corporation established to consolidate the long-term borrowing programs of all municipalities in one central agency.

Pursuant to the provisions of the *Transparency and Accountability Act*, Corporation is required to develop a three-year Activity Plan. The Board of Directors is accountable for the preparation of an Activity Plan and the achievement of its objective. In the development of this plan, careful consideration was given to the Strategic Directions of Government, as communicated by the Minister of Finance. As this Corporation has discontinued its capital borrowing program and anticipates will be winding-up upon collection of its outstanding loans receivable and repayment of its outstanding debenture debt, it was determined that the Strategic Directions are not directly applicable to its operations.

As Chair of the Board, it is my pleasure to submit the Activity Plan covering the three year period from April 1, 2014 to March 31, 2017.

Sincerely,

Donna Brewer

Donna Brewer, C.A.
Chair of the Board

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Activity Plan

1.0 Overview

The Newfoundland and Labrador Municipal Financing Corporation ("NMFC") was established in 1964 and operates pursuant to the provisions of the *Municipal Financing Corporation Act*. NMFC operates with a March 31 fiscal year end and the results of its activities are fully consolidated in the Province's annual financial statements.

2.0 Mandate

NMFC was established to consolidate the long-term borrowing programs of all municipalities in one central Crown agency. The proceeds of these borrowings were then used to provide long-term financing to meet the capital requirements of municipalities. As most municipal projects were cost shared with the Province, the financing provided was recovered partially from the municipality with the balance, representing the Province's share, paid by the Department of Municipal Affairs and Intergovernmental Affairs.

However, NMFC's mandate and role evolved over time to a situation whereby most municipalities were capable of financing their capital programs independently through financial institutions, primarily banks. The NMFC continued to borrow to provide financing for the Provincial share of capital projects for a period of time but, in 2005-06, Government decided it would no longer finance its portion of municipal capital projects but would fund it directly through annual budgetary allocations. Consequently, the NMFC discontinued its capital markets borrowing program and will wind-up operations when it collects its outstanding loans receivable and repays its outstanding debenture debt.

3.0 Primary Clients and Stakeholders

The Board's primary responsibility is to Government by carrying out functions related to the wind-up of operations.

4.0 Board Representation and Accountability

The affairs of NMFC are overseen by a Board of Directors appointed by the Lieutenant Governor in Council. All Board members are employees of the Province with the position of Chair held by the Deputy Minister of Finance. The Board meets no less often than annually and approves its Financial Statements and Annual Report, both of which are then tabled in the House of Assembly by the Minister of Finance. The current members of the Board and their positions are as follows:

Ms. Donna Brewer (Chair)
Deputy Minister of Finance

Mr. Paul Myrden (Secretary)
Director of Debt Management
Department of Finance

Ms. Colleen Janes
Deputy Minister of Municipal and
Intergovernmental Affairs

Mr. Alastair O'Rielly
Deputy Minister of Innovation, Business and Rural
Development

Mr. Peter Au
Assistant Deputy Minister
Taxation and Fiscal Policy Branch
Department of Finance

5.0 Sources of Funding

The NMFC has traditionally been self supporting from a funding perspective, primarily through matching the terms of its borrowing program to the lending program for municipal capital works projects. The NMFC has independent banking arrangements, including facilities to provide short-term financing of cash flow deficiencies and investment of temporary cash surpluses. The Corporation's day-to-day affairs are managed by employees of the Department of Finance and the NMFC is billed quarterly by the Province for reimbursement of these expenses on a cost recovery basis.

6.0 Priorities

As stated previously, the NMFC is has discontinued its capital markets borrowing program and will wind-up operations when it collects its outstanding loans receivable and repays its outstanding debenture debt. Its focus for the 2014-17 Activity Plan will therefore be the collection of these outstanding loans. As such, the NMFC will provide annual reports detailing the activities it undertook to collect the outstanding loans and repay the outstanding debenture debt during each preceding fiscal year[i].

Objective: By March 31, 2015, 2016 and 2017, the NMFC will have executed the collection of loans receivable and payment of debenture debt in accordance with planned payment and collection schedules.

Measure: Net balances of outstanding loans receivable and debenture debt payable reduced by planned amounts.

Indicators:

- Net outstanding loans to municipalities reduced by $27,906,000 between April 1, 2014 and March 31, 2017.
- Net outstanding debenture debt reduced by $18,898,000 between April 1, 2014 and March 31, 2017.

The breakdown of collections and payments by fiscal year is as follows:

Fiscal Year	Debt Maturities	Loan Collections
	($ thousands)	($ thousands)
2014-15	7,566	11,630
2015-16	5,666	9,296
2016-17	5,666	6,980
Total	**18,898**	**27,906**

[i] It is noted that the NMFC opted not to develop a mission statement, a vision statement or values (consistent with Government Guidelines). The NMFC has discontinued its capital markets borrowing program, therefore the development of such components was determined to be inappropriate. Additionally, the NMFC considered the responsible Department's mission statement, vision statement, and values, but determined that it had no direct role to play at this time. Lines of business were also not developed; to do so would be repetitive of the NMFC's mandate.